

## MEMORANDUM

TO: Commission File No. S7-38-04

FROM: Daniel Horwood  
Special Counsel  
Division of Corporation Finance  
U.S. Securities & Exchange Commission

DATE: March 14, 2005

RE: **Securities Offering Reform**  
**Release No. 33-8501**

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On February 16, 2005, members of the Division of Corporation Finance met with representatives of the Bond Market Association about the securities offering reform proposals (Release No. 33-8501).

Division of Corporation Finance Participants: Alan L. Beller, Director; Martin P. Dunn, Deputy Director; Paula Dubberly, Associate Director (Legal) Amy M. Starr, Senior Special Counsel; Max Webb, Assistant Director.

**Background information for meeting at  
US Securities and Exchange Commission  
With representatives from The Bond Market Association  
Wednesday, February 16, 2005, 10:30am**

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*Additional Material*

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**Comparison of typical term sheet with final prospectus supplement**

Note: description is based on current, pre-Regulation AB forms

Asset class: Alt-A residential mortgage loans

**Term sheet:**

Cover

Class listing with balance, rating, credit enhancement levels, interest rate, payment window, weighted average life, features

1 page pool asset narrative description

9 page summary including:

- Identity of key parties (no description)
- Key dates (cut-off, closing etc)
- Tax status
- Registration/denomination (bullet points)
- ERISA status
- SMMEA status
- Advancing (brief description)
- Credit enhancement (brief description)
- Clean up call (brief description)
- Cash flows: detailed description including key terms, priorities, trigger events, loss allocation
- Cap contract (yield maintenance agreement): brief description of payment terms

4+ page tabular description of pool assets is typical

4 page notional balance schedule and available funds cap schedule for cap contract

2 page price/yield table – not in prospectus

## Prospectus Supplement:

Pro supp summary is substantively comparable to the information in the term sheet, with marginally more detail

### Information in prospectus supplement that is not typically in the term sheet:

Risk factors

Detailed narrative description of asset pool

Extensive tabular information about asset pool

Detailed narrative description of underwriting standards

Detailed narrative description of the servicer, including loss and delinquency experience (non-static)

Detailed narrative description of securities offered:

- Typically 15 – 25 pages
- More detail as to cash flow provisions than is found in term sheet, for example allocation of interest shortfalls, compensating interest, alternate cash flows that apply after credit support depletion

Detailed narrative description of cap contract, including notional balance schedule and available funds cap schedule

Yield and prepayment considerations, with decrement tables

Detailed description of pooling and servicing agreement, including:

- Asset representations and warranties
- Collection, servicing and liquidation procedures (including any special servicing)
- Required insurance
- Servicing compensation
- Trust accounts (collection account, reserve fund etc)
- Advancing
- Events of default
- Reports to investors
- Termination provisions

Detailed narrative descriptions of tax consequences, ERISA, legal investment

Method of distribution